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Security Information

III. WHAT WOULD BE THE EFFECT OF A TOTAL EMBARGO OF NON-COMMUNIST TRADE WITH COMMUNIST CHINA ON THE CHINESE COMMUNIST ECONOMIC AND POLITICAL STRENGTH, AND ITS MILITARY CAPABILITIES?

G. FACTORS PREVENTING FULL ENFORCEMENT OF ECONOMIC EMBARGO

As long as COCOM and CHINCOM controls are neither as comprehensive nor as effectively enforced as US security trade, transport, and financial controls, the legal and organizational basis for full enforcement of an economic embargo against Communist China is lacking. The absence of controls in Southeast Asian countries has been shown to be an important loophole. With India, Pakistan, and Burma, overland transport routes can always be reactivated or improved, which are not under control of other Western powers except for air attack (Burma Road, India-Tibet-China roads, etc.). An element of timing also enters the picture, particularly where the alternate availability of overland routes and increased supply by means of the Trans-Siberian railroad are concerned. By 1955, Communist China will possess a fairly well-integrated railnet, important links of which are nearing completion. This railnet is designed to handle internal traffic as well as distribute to the interior shipments arriving overland as effectively as has been the case for coastal areas in the past.

At present, strategic cargoes reaching Communist China by sea can escape Western security trade controls only (a) aboard Soviet-Bloc vessels which do not require Western-controlled fuels and lubricants for that particular voyage, (b) aboard non-Bloc vessels under false documentation, or (c) by means of clandestine re-export, e.g., from Hong Kong aboard small coasters which escape detection. If a full embargo is imposed, including necessary police enforcement at Hong Kong and Macao, it is likely that evasion by smaller vessels would still remain a factor; indeed, such lucrative smuggling might attract additional participants.

Although admittedly more effective departure controls could be instituted for small vessels in Hong Kong, total interdiction of the coastal junk traffic would seem illusory. It is estimated that even with most vigorous police measures (perhaps not justifiable in the relation of potential effectiveness to expense) the number of small craft engaged in the coastal traffic could not be reduced by more than half; the reduction might even be smaller if smuggling could command higher premiums than are now received.

The size and quantity of consignments smuggled into Communist China under such enforcement conditions would then be governed largely by the capacity of the craft employed. On the basis of current estimates of the volume of the smuggling traffic, the urgency of requirements, and the likely composition of cargoes according to susceptibility to easy stowage, it is

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estimated that possibly 30% of the value of cargoes now reaching Communist China legally might be smuggled into the country under strict embargo conditions on a priority basis, in addition to what would survive of the smuggling traffic now in progress.

World War II experience is particularly useful in estimating the potentialities for improvement of facilities and making vehicles available for increasing the supply of Communist China by overland, in a case of extreme necessity. On an over-all basis, a full Western embargo would disrupt the schedule for the integration of Communist China in the Bloc and delay somewhat the execution of the plan for the development of the domestic economy.

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